

3. Provide that the circulating notes shall constitute a first lien upon all assets of the issuing bank.
4. Provide a safety fund by taxation upon the banks for the immediate redemption of the circulating notes of failed banks and require the legal-tender guarantee fund of a bank which fails to be paid into the safety fund, the safety fund to be invested in United States bonds.
5. The Secretary of the Treasury may, in his discretion, use any surplus revenue of the United States in the redemption and retirement of United States legal-tender notes, but such redemptions shall not exceed an amount equal to seventy per cent, of the additional circulation taken out by national and State banks.
6. Suspend the ten per cent, tax on the circulation of banks duly organized under the laws of any State, transacting no other than a banking business, and complying with the second and third provisions. The guarantee fund in United States legal-tender notes was to be permitted to be kept by the State banks in their own custody, but must at all times equal thirty per cent, of the outstanding circulation.

Mr. Carlisle's bill was reported to the House with some amendments, but political divisions prevented its enactment. The fact that the Fifty-fourth Congress, which met on December 2, 1895, contained majorities politically hostile to President Cleveland, prevented action during the remainder of his term upon any plan of currency reform which might bear the stamp of an administration measure. The President confined himself to recommending measures for maintaining the gold reserve and protecting public credit. Secretary Carlisle simply renewed the recommendations, repeatedly made in former years by the Comptroller of the Currency, that the banks be given greater freedom of note issue by permission to issue circulation to the par value of the bonds deposited as security, and that the tax on

circulation be reduced from one-half to one-quarter of one per cent, annually. He pointed out that until 1883 there was a tax upon the capital and deposits of national banks, as well as a tax upon their circulation, and that from all these sources the govern-